

### **Amendments to the Specification**

1. Please replace the paragraph beginning at page 1, line 5 with the following rewritten paragraph:

-- This application is a continuation in part of application serial number 09/911,674, now US patent number 7,092,901 ~~xx/xxx,xxx~~, filed July 24, 2001 in the names of Darren J. Davis, et al., (~~attorney docket number 9623/334~~), which application is incorporated herein in its entirety and which is a continuation of application serial number 09/322,677, filed May 28, 1999, in the names of Darren J. Davis, et al., now U.S. patent number 6,269,361 ~~[[,]]~~. --

2. Please replace the paragraph beginning at page 8, line 25 with the following rewritten paragraph:

-- This can lead to undesirable results. For example, this does nothing to damp out the oscillations in bids. Instead, in the case of agents in competition, it produces full amplitude oscillations at a rate as fast as the agents operate. In the event that agents operate periodically, the advertiser with the agent that operates more often, or that is last in turn to make changes, has the economic advantage. Such economic forces will tend to drive toward a situation in which agents operate continuously at maximum rate, limited only by the capacity of the underlying infrastructure, which is provided by the pay for placement web site operator and is a source of cost to the pay for placement web site operator. --

3. Please replace the paragraph beginning at page 19, line 27 with the following rewritten paragraph.

-- The client computers 12 can execute web browser programs 16, such as the NAVIGATOR, EXPLORER, or MOSAIC browser programs, to locate the advertiser web pages ~~or records~~ 30 stored on advertiser server 14. The browser programs 16 allow the users to enter addresses of specific web pages 30 to be retrieved. These addresses are referred to as Uniform Resource Locators, or URLs. In addition, once a page has been retrieved, the browser programs 16 can provide access to other pages or records when the user "clicks" on hyperlinks to other web pages. Such hyperlinks are located within the advertiser web pages 30 and provide an automated way for the user to enter the URL of another page and to retrieve that page. The pages can be data records including as content plain textual information, or more complex digitally encoded multimedia content, such as software programs, graphics, audio signals, videos, and so forth. --

4. Please replace the paragraph beginning at page 20, line 8 with the following rewritten paragraph.

-- In a preferred embodiment of the present invention, shown in FIG. 1, ~~client computers~~ clients 12 communicate through the network 20 with various network information providers, including account management server 22, search engine server 24, and advertiser servers 24 using the functionality provided by a HyperText Transfer Protocol (HTTP), although other communications protocols, such as FTP, SNMP, TELNET, and a number of other protocols known in the art, may be used. Preferably, search engine web server 24, account management server 22, and advertiser servers 14 are located on the World Wide Web. --

5. Please replace the paragraph beginning at page 20, line 17 with the following rewritten paragraph.

-- As discussed above, at least two types of server are contemplated in a preferred embodiment of the present invention. The first server contemplated is an account management server 22 comprising a computer storage medium 32 and a processing system 34. A database 38 is stored on the storage medium 32 of the account management server 22. The database 38 contains advertiser account information. It will be appreciated from the description below that the system and method of the present invention may be implemented in software that is stored as executable instructions on a computer storage medium, such as memories or mass storage devices, on the account management server 22. Conventional browser programs browsers 16, running on client computers clients 12, may be used to access advertiser account information stored on account management server 22. Preferably, access to the account management server 22 is accomplished through a firewall, not shown, which protects the account management and search result placement programs and the account information from external tampering. Additional security may be provided via enhancements to the standard communications protocols such as Secure HTTP or the Secure Sockets Layer. --

6. Please replace the paragraph beginning at page 21, line 3 with the following rewritten paragraph.

-- The second server type contemplated is a search engine web server 24. A search engine program permits network users, upon navigating to the search engine web server URL or sites on other web servers capable of submitting queries to the search engine web server 24 through their browser program 16, to type keyword queries to identify pages of interest among the millions of pages available on the World Wide Web. In a preferred embodiment of the present invention, the search engine web server 24 generates a search result list that includes, at least in part, relevant entries

obtained from and formatted by the results of the bidding process conducted by the account management server 22. The search engine web server 24 generates a list of hypertext links to documents that contain information relevant to search terms entered by the user at the client computer 12. The search engine web server transmits this list, in the form of a web page, to the network user, where it is displayed on the browser 16 running on the client computer 12. A presently preferred embodiment of the search engine web server may be found by navigating to the web page at URL goto.com ~~http://www.goto.com/~~. In addition, the search result list web page, an example of which is presented in FIG. 7, will be discussed below in further detail. --

7. Please replace the paragraph beginning at page 21, line 30 with the following rewritten paragraph.

-- For example, one class of users located at clients ~~client-computers~~ 12 may be network information providers such as advertising web site promoters or owners having advertiser web pages 30 located on advertiser web servers 14. These advertising web site promoters, or advertisers, may wish to access account information residing in storage 32 on account management server 22. An advertising web site promoter may, through the account residing on the account management server 22, participate in a competitive bidding process with other advertisers. An advertiser may bid on any number of search terms relevant to the content of the advertiser's web site. In one embodiment of the present invention, the relevance of a bidded search term to an advertiser's web site is determined through a manual editorial process prior to insertion of the search listing containing the search term and advertiser web site URL into the database 40. In an alternate embodiment of the present invention, the relevance of a bidded search term in a search listing to the corresponding web site may be evaluated using a computer program executing at ~~processor~~ processing system 34 of account management server 22, where the computer program will evaluate the search term and corresponding web site according to a set of predefined editorial rules. --

8. Please replace the paragraph beginning at page 27, line 1 with the following rewritten paragraph.

-- The advertising information section 330 contains information needed to conduct the online bidding process of the present invention, wherein a position is determined for a web site description and hyperlink within a search result list generated by a search engine. The advertising data ~~[[330]]~~ 342 for each user account 300 may be organized as zero or more subaccounts 340. Each subaccount 340 comprises at least one search listing 344. Each search listing corresponds to a bid on a search term. An advertiser may utilize subaccounts to organize multiple bids on multiple search terms, or to organize bids for multiple web sites. Subaccounts are also particularly useful for advertisers seeking to track the performance of targeted market segments. The subaccount superstructure is introduced for the benefit of the advertisers seeking to organize their advertising efforts, and does not affect the method of operation of the present invention. Alternatively, the advertising information section need not include the added organizational layer of subaccounts, but may simply comprise one or more search listings. --

9. Please replace the paragraph beginning at page 23, line 21 with the following rewritten paragraph.

--The searcher may click on the hypertext links associated with each listing on the search results page to access the corresponding web pages. The hypertext links may access web pages anywhere on the Internet, and include paid listings to advertiser web pages ~~[[18]]~~ located on advertiser web servers 14. In a preferred embodiment of the present invention, the search result list also includes non-paid listings that are not placed as a result of advertiser bids and are generated by a conventional World Wide Web search engine, such as the INKTOMI, LYCOS, or YAHOO! search engines. The non-paid hypertext links may also include links manually indexed into the database 40

by an editorial team. Most preferably, the non-paid listings follow the paid advertiser listings on the search results page. --

9. Please replace the paragraph beginning at page 36, line 6 with the following rewritten paragraph.

-- An example of a search result list display used in an embodiment of the present invention is shown in FIG. 7, which is a display of the first several entries resulting from a search for the term "zip drives". As shown in FIG. 7, a single entry, such as entry 710a in a search result list consists of a description 720 of the web site, preferably comprising a title and a short textual description, and a hyperlink 730 which, when clicked by a searcher, directs the searcher's browser to the URL where the described web site is located. The URL 740 may also be displayed in the search result list entry 710a, as shown in FIG. 7. The "click through" of a search result item occurs when the remote searcher viewing the search result item display [[710]] of FIG. 7 selects, or "clicks" on the hyperlink 730 of the search result item display 710. In order for a "click through" to be completed, the searcher's click should be recorded at the account management server and redirected to the advertiser's URL via the redirect mechanism discussed above. --

10. Please replace the paragraph beginning at page 36, line 20 with the following rewritten paragraph.

-- Search result list entries 710a – 710h may also show the rank value 760a, 760b, 760c, 760d, 760e, 760f, 760g, 760h of the advertiser's search listing. The rank value 760a, 760b, 760c, 760d, 760e, 760f, 760g, 760h is an ordinal value, preferably a number, generated and assigned to the search listing by the processing system 34 of FIG. 1. Preferably, the rank value 760a, 760b, 760c, 760d, 760e, 760f, 760g, 760h is assigned through a process, implemented in software, that establishes an association

between the bid amount, the rank, and the search term of a search listing. The process gathers all search listings that match a particular search term, sorts the search listings in order from highest to lowest bid amount, and assigns a rank value to each search listing in order. The highest bid amount receives the highest rank value, the next highest bid amount receives the next highest rank value, proceeding to the lowest bid amount, which receives the lowest rank value. Most preferably, the highest rank value is 1 with successively increasing ordinal values (e.g., 2, 3, 4, . . . ) assigned in order of successively decreasing rank. The correlation between rank value 760a, 760b, 760c, 760d, 760e, 760f, 760g, 760h and bid amount is illustrated in FIG. 7, where each of the paid search list entries 710a through 710f display the advertiser's bid amount 750a through 750f for that entry. Preferably, if two search listings having the same search term also have the same bid amount, the bid that was received earlier in time will be assigned the higher rank value. Unpaid listings 710g and 710h do not display a bid amount and are displayed following the lowest-ranked paid listing. Preferably, unpaid listings are displayed if there are an insufficient number of listings to fill the 40 slots in a search results page. Unpaid listings are generated by a search engine utilizing objective distributed database and text searching algorithms known in the art. An example of such a search engine may be operated by Inktomi Corporation. The original search query entered by the remote searcher is used to generate unpaid listings through the conventional search engine. --

11. Please replace the paragraph beginning at page 47, line 22 with the following rewritten paragraph.

-- At block 1002, a list A is established containing all advertisers who subscribe to or make use of the service, referred to as Price and Place Protection. At block 1004, a loop is entered. First, a variable x is assigned to the next advertiser in the list A. At block 1006, the process waits for a time period. As noted, this time period may be random, fixed or any suitable time. At block 1008 [[1108]], a procedure process

advertiser(x) is called. This procedure will be described in greater detail below in conjunction with FIG. 11. In this procedure, the agent examines the state of the existing CPC's for competing listings, and sees if it is possible to adjust the CPC of the advertiser's listing to satisfy the advertiser's goals. Preferably, all advertisers' agents are activated fairly and with substantially the same frequency so that no advertisers experience particular advantages or disadvantages due to the process. --

12. Please replace the paragraph beginning at page 54, line 28 with the following rewritten paragraph.

-- If the rank of the current search listing is less than the desired rank, then the pair of variables lesser-rank and lesser-CPC are assigned values according to the procedure next-lesser-rank-&-CPC, block 1608, described below in conjunction with FIG. 17. Next, the CPC for the current search listing is set equal to the value of the variable lesser-CPC, block 1610. Control then returns to block 1602 and the loop is again processed to determine if the CPC can be reduced further. --

13. Please replace the paragraph beginning at page 66, line 29 with the following rewritten paragraph.

-- At block 2308, it is determined if the end of the list has been reached by testing if the listing x is empty. If so, the procedure ends at block 2310. If not, the variable M is set to be the larger of the minimum CPC value, or the current value of M plus the minimum CPC value to overtake a listing, \$0.01, block 2312. At block 2314, the bid or maximum cost per click for the listing x is set to the value of M. Control then returns to block 2306 to select a next value of x for processing. --



14. Please replace the paragraph beginning at page 69, line 14 with the following rewritten paragraph.

-- If x is not empty, at block 2510, it is determined if x is a PPP listing. If so, at block 2512, the cost per click for x is assigned to the bid of the listing x, also referred to as the maximum cost per click of the search listing x. If x is not a PPP listing, at block 2514, the values of the highest bid and highest rank are assigned to a variables highest-bid and highest-rank. At block 2516, the cost per click for listing x is assigned with the highest bid. At block 2518, the highest rank is stored as the desired rank of listing x. Control returns to block 2504 to select the next listing for processing. --

15. Please replace the paragraph beginning at page 75, line 7 with the following rewritten paragraph.

-- At block 2908, it is determined if the variable unassigned-listings is empty. If so, at block 2910, the working copy of the cost per click data is copied to the actual copy for use by the system and the method ends at block 2912. If the variable is not empty, at block 2914 the variable current-rank is incremented by 1. At block 2916, the variable U is set to store all unassigned search listings. At block 2918, the variable x is incremented to the next listing in the variable U. At block 2920, x is tested to determine if it is empty. If not, the cost per click for search listing x is set to the bid or maximum cost per click of search listing x for the current rank, block 2922, and control returns to block 2918. --

16. Please replace the paragraph beginning at page 80, line 17 with the following rewritten paragraph.

-- If instead R refers to a rank in the workspace, the winner list is examined to identify the winning listing at rank R, block 3908. That listing is examined at block 3910 to determine if it is a price-protected listing. If so, control passes to block 3912 where

the CPC of a price-protected listing is calculated. Plural Price & Place Protection listings, Price & Place Protection listings, Price Protection listings, and Place Protection listings are all price-protected, whereas Fixed CPC listings are not. If at block 3910 it is determined that the winning listing is price-protected, control passes to block 3912, where the price-protected CPC is calculated and assigned to the winning listing. One means of accomplishing this calculation and assignment corresponds to FIG. 36 and is described subsequently. If however the listing is not price-protected, control passes from block 3910 to block 3914, where the winning listing's CPC is set equal to that listing's bid at the winning rank. --

17. Please replace the paragraph beginning at page 81, line 11 with the following rewritten paragraph.

-- The winning listing's timestamp is next compared with `COMPETING_TIMESTAMP` at block 3606. If the winner's timestamp is earlier the winner has seniority and can claim the rank with only the `COMPETING_BID`. In that event control passes to block 3608 where the winner's CPC is assigned the value of `COMPETING_BID`. If the winner's timestamp is not earlier than `COMPETING_TIMESTAMP`, the winning listing does not have seniority and must bid the minimum raise or bid increment (here \$0.01) above the `COMPETING_BID`, block 3610. By one of these two paths the winner's CPC is set, and the procedure ends at block 3612. --

18. Please replace the paragraph beginning at page 82, line 26 with the following rewritten paragraph.

-- Block 3808 of FIG. 38 performs the operation "FIND NEXT WINNER AND RANK", which is illustrated in FIG. 37, starting at block 3700. The workspace is examined for active Place Protection entries at block 3702, illustrated in FIG. 31 ~~FIG. 40~~

by an "X" for a bid amount. If any are found, at block 3704 one is chosen and control passes to block 3718 to return the listing and its rank, in this case the rank demanded by place protection. --